Canada

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Introduction

There is a wide range of social security programs in Canada. This booklet is intended to outline features of major programs as well as statistics on beneficiaries and benefit expenditures for these programs. Program descriptions are as of January 1, 1991, subject to the availability of information at the time of writing. Benefit rates, when applicable, have been included for 1991 or as of January 1991, depending on the program.

The material contained in this booklet has been reviewed and approved by the department responsible for the administration of each program. Additional information on any program may also be obtained from the sponsoring department. In all instances, the term "provinces" has been used to refer to both provinces and territories.

Table of Contents

Old Age Security, Guaranteed Income Supplement and Spouse's Allowance 7

Federal and Provincial Pension Plan Programs . . . 16

Family Allowances 30

Child Tax Credit 35

Canada Assistance Plan 39

Vocational Rehabilitation of Disabled Persons Program 47

Alcohol and Drug Treatment and Rehabilitation Program 51

Provincial Workers' Compensation Programs 55

Unemployment Insurance 61

Federal Employment Programs 70

War Veterans' Financial Benefit Programs 84

Health Insurance 93

Old Age Security, Guaranteed Income Supplement and Spouse's Allowance

Old Age Security (OAS) provides a basic monthly pension for persons aged 65 or over. The Guaranteed Income Supplement (GIS) provides an additional monthly payment for OAS pensioners with little or no income other than OAS. The Spouse's Allowance (SPA) provides a monthly payment to OAS pensioners' spouses 60 to 64 years of age whose income is below certain levels and to 60- to 64-year-old low-income widow(er)s, to ensure a minimum income until they become eligible for OAS.

Commencing in 1989, the tax system is used to recover all or a portion of Old Age Security payments from higher income Canadians at a rate of 15% of individual net income exceeding $50,000 indexed annually by the amount by which inflation exceeds 3%. The recovery rate of 15% was phased in over three years beginning in 1989.

Old Age Security (OAS)

Eligibility

All persons aged 65 or over who are Canadian citizens or legal residents may qualify for either a full or a partial OAS pension, depending on their years of residence in Canada after reaching age 18. Upon application, payment of the pension normally begins in the month following a person's 65th birthday.

There are two methods of meeting residence requirements for a full pension. Persons who were 25 years of age or over on July 1, 1977, and either resident in Canada on that date or with some prior residence after age 18, will qualify if they have resided in Canada for the 10 years immediately prior to application. Persons who were not yet 25 or with no previous residence in Canada on July 1, 1977, will qualify for a full pension only if they have resided in Canada for 40 years after reaching age 18. Those who cannot qualify for a full pension may receive a partial pension, provided they have at least 10 years' residence in Canada after age 18.

The OAS pension may be paid indefinitely outside the country if the pensioner has resided in Canada for at least 20 years after age 18. Otherwise, it may be paid for six months following the month of departure from Canada, to be resumed when the pensioner resumes residence in Canada.

International Social Security Agreements

Canada has concluded reciprocal international social security agreements with many countries. These agreements assist persons in qualifying for the OAS pension based on the periods they have lived in Canada and in the reciprocating country. Once eligibility has been established, the amount of OAS payable is proportionate to the actual periods of residence in Canada. Similar provisions apply in other reciprocating countries for establishing eligibility and determining benefits payable.

As of January 1991, agreements exist with Italy, France, Portugal, the United States, Greece, Jamaica, Barbados, Belgium, Denmark, Norway, Sweden, Austria, Saint Lucia, Spain, Finland, Dominica, Germany, Australia, Iceland, Luxembourg and the Netherlands. In addition,

agreements have been signed with Cyprus and Ireland and will each take effect when ratified by Canada and the other country.

Benefits

Persons meeting the full residence requirements for OAS receive the full pension. A partial OAS pension is calculated at the rate of 1/40 of the full pension for each year of residence in Canada for those who have at least 10 years' residence after age 18. The partial rate is established at the time of application and does not increase with years of residence after age 65.

Guaranteed Income Supplement (GIS)

Eligibility

OAS pensioners with no income or only a limited amount of income apart from OAS may, upon application, receive the Guaranteed Income Supplement. Entitlement is normally based on income in the preceding year, calculated in accordance with the *Income Tax Act*. Nonetheless, certain sources of income are exempted.

The Guaranteed Income Supplement is paid to pensioners living outside Canada for only six months following the month of their departure and may be resumed upon their return if all conditions of eligibility are met.

Benefits

The amount of supplement payable depends upon the marital status and income of the pensioner. In the case of a couple, the income of both spouses is considered.

Spouse's Allowance (SPA)

Eligibility

The spouse of a GIS pensioner may be eligible, upon application, for a Spouse's Allowance if that spouse is 60 to 64 years of age and has at least 10 years' residence in Canada after age 18. The amount of the Allowance is based on the couple's combined yearly income. The Spouse's Allowance is payable for six months following departure from Canada of either the spouse or the pensioner, whoever leaves first, and may be resumed only when both resume residency in Canada.

The Spouse's Allowance ceases in the month in which the OAS pensioner dies. The widowed spouse may be eligible, based on his or her income, for a Widowed Spouse's Allowance.

Any widow(er) who is between 60 and 64, has been a Canadian resident for at least 10 years after age 18, and who meets the income eligibility and residency status requirements is eligible for a Widowed Spouse's Allowance.

Benefits

As with GIS, the amount of the allowance payable depends upon the marital status and income of the recipient. The income of both spouses in a couple is considered in the case of a married recipient. The maximum monthly Regular Spouse's Allowance is equivalent to the OAS pension plus maximum GIS at the married rate; the maximum Widowed Spouse's Allowance is somewhat higher.

OAS/GIS/SPA

Indexation

The OAS/GIS/SPA rates are escalated quarterly at the full rate of increase in the Consumer Price Index. For 1990 and subsequent taxation years the $50,000 income threshold for recovery of benefits will be indexed on the same basis as other indexed brackets and thresholds in the tax system.

Taxation

OAS benefits are considered as taxable income under the *Income Tax Act*. Repayments for higher income Canadians will be calculated on the income tax return and will be deductible in determining the amount of income subject to the personal income tax. GIS and SPA benefits are not considered as taxable income.

Financing/Administration

Payments to beneficiaries of OAS/GIS/SPA are made out of the federal government's Consolidated Revenue Fund. Administration of the programs is done through a network of regional offices of the Income Security Programs Branch, Health and Welfare Canada.

Related Programs

Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon and the Northwest Territories provide "top-up" benefits to OAS/GIS or, in certain cases, to SPA recipients who meet income requirements. The programs differ in terms of the level of benefits payable, the frequency of payment, residence requirements, and other matters.

OAS/GIS/SPA

Maximum Monthly Benefits
January 1991

Program	
Old Age Security(OAS)(Full)	$354.92
Guaranteed Income Supplement (GIS)(Maximum) (Amounts paid in addition to OAS)	
a) Single pensioner	421.79
b) Family with one pensioner	421.79
c) Family with two pensioners (amount paid to each pensioner)	274.73
d) Family with one pensioner and one SPA recipient (amount paid to pensioner)	274.73
OAS plus GIS (Maximum)	
a) Single pensioner	776.71
b) Family with one pensioner	776.71
c) Family with two pensioners (amount paid to each pensioner)	629.65
d) Family with one pensioner and one SPA recipient (amount paid to pensioner)	629.65
Spouse's Allowance (SPA) (Maximum)	
a) Regular (spouse of an OAS pensioner)	629.65
b) Widowed (widowed persons 60-64 years of age)	695.14

OAS/GIS/SPA
Beneficiaries
March 1990

Province[1]	OAS Beneficiaries			SPA
	OAS only	OAS and GIS	Total	
Nfld.	12,526	41,770	54,296	5,009
P.E.I.	5,788	10,810	16,598	971
N.S.	46,196	64,385	110,581	6,399
N.B.	33,370	52,555	85,925	5,622
Que.	315,422	412,510	727,932	42,709
Ont.	711,608	393,091	1,104,699	34,744
Man.	75,789	66,725	142,514	5,451
Sask.	71,894	64,277	136,171	5,494
Alta.	119,784	93,145	212,929	8,336
B.C.	238,042	150,598	388,640	12,026
Y.T.	517	468	985	41
N.W.T.	325	1,193	1,518	129
Internat.[2]	15,446	7,569	23,015	377
Total	1,646,707	1,359,096	3,005,803	127,308

1. Eligible persons outside Canada are paid by the regional office in their last province of residence and are included in the count for that province.
2. All persons paid under International Social Security Agreements.

OAS/GIS/SPA
Benefit Expenditures
1989-90 ($ millions)

Province[1]	OAS	GIS	SPA	Total[3]
Nfld.	216.7	130.4	22.7	369.8
P.E.I.	66.2	33.4	4.2	103.7
N.S.	441.4	186.5	24.7	652.6
N.B.	341.3	155.2	23.0	519.5
Que.	2,884.8	1,204.0	151.6	4,240.4
Ont.	4,350.1	1,066.6	118.8	5,535.5
Man.	564.4	187.4	20.2	772.1
Sask.	541.5	185.7	20.4	747.7
Alta.	837.4	264.4	30.1	1,131.8
B.C.	1,526.9	416.4	42.0	1,985.3
Y.T.	4.0	1.5	.2	5.7
N.W.T.	6.2	4.5	.8	11.5
Internat.[2]	23.2	52.4	2.6	78.1
Total[3]	11,803.8	3,888.5	461.4	16,153.7

1. Eligible persons outside Canada are paid by the regional office in their last province of residence and are included in the count for that province.
2. All payments made under International Social Security Agreements.
3. Totals may not add up due to rounding.

Federal and Provincial Pension Plan Programs

The Canada Pension Plan (CPP) operates in all provinces and territories in Canada except Quebec, which exercised its constitutional prerogative to establish a comparable provincial plan, the Quebec Pension Plan (QPP), to operate in lieu of CPP. Both CPP and QPP were established in January 1966 and both provide retirement, disability and survivors' pensions, certain children's benefits and death benefits. The Saskatchewan Pension Plan, established in 1986, is a voluntary retirement pension scheme which operates independently of CPP/QPP.

Canada and Quebec Pension Plans

Eligibility

Individuals and their dependants are eligible for benefits only if contributions have been made to the Canada or Quebec Pension Plan for a specific period which varies according to the type of benefit requested. As contribution to one of the plans is compulsory for most employed Canadians between the ages of 18 and 65, and there is reciprocity between the two plans, the majority of Canadians are eligible to receive benefits.

For 1991, employee contributions to CPP or QPP are made at a rate of 2.3% of contributory earnings (earnings falling between $3,000 and $30,500). Employers match the employees' contributions, while self-employed

persons contribute the total 4.6% themselves. The maximum annual contribution for an employer and employee in 1991 is $632.50 each; the maximum contribution for a self-employed individual is $1,265.00.

Benefits

Once eligibility is established, CPP/QPP provide the following types of monthly benefits: retirement pension, disability pension, surviving spouse's pension, disabled contributor's child's benefit and orphan's benefit, and a lump-sum death benefit.

When calculating benefits for a beneficiary having a contributory period of at least 10 years, there are provisions which allow a person to exclude months of low or zero earnings from the contributory period totalling up to 15% of the total period. Additionally, a special child-rearing drop-out provision allows for the exclusion from the benefit calculation of any months of low or zero earnings which occurred after January 1, 1966, because a person was caring for a child under age seven. The contributor must also have been in receipt of Family Allowance benefits in respect of the child. Under CPP, this provision applies to any benefits which become payable after January 1, 1978; the QPP child-rearing drop-out clause applies to any request for a pension received after December 31, 1976.

All benefits under CPP/QPP are payable regardless of where the beneficiary resides, whether in Canada or abroad.

Retirement Pension

A retirement pension may become payable to a person between ages 60 and 70 who made at least one valid

contribution to CPP, or for at least one year in the case of QPP, and has made contributions based on a salary which exceeds the exemption. For a CPP/QPP retirement pension to be paid prior to age 65, the contributor must have stopped working or that contributor's annual income from work must be less than the maximum annual retirement pension which is payable at age 65 for that same year. Cessation of pensionable employment is not a requirement for a retirement pension under CPP/QPP after an applicant has reached 65 years of age.

For CPP and QPP, the amount of the monthly pension is equal to 25% of average adjusted pensionable career earnings received during the contributory period. The amount of the pension also depends on the age of the contributor when the pension begins and the earnings and contributions to the plan. It is calculated based on a 0.5% reduction for each month prior to age 65 and increased by 0.5% for each month after age 65, until the age of 70. Once the amount of the pension has been calculated, the pension remains the same except for annual indexation.

Disability Pension

For both CPP and QPP, a disability pension is paid to a person with a severe or prolonged mental or physical disability, who meets minimum contributory requirements. The pension consists of a flat-rate portion plus an earnings-related portion equal to 75% of the retirement pension which would be payable if the person were 65 years of age.

CPP/QPP disability benefits commence as of the fourth month following the start of the disability (the Unemployment Insurance program provides sickness benefits for the initial 15 weeks). Benefits continue until the death of the beneficiary or until the beneficiary ceases

to be disabled, reaches age 65 (at which time CPP/QPP retirement pension is payable), or begins receiving a retirement pension between the ages of 60 and 65 years. Under QPP, benefits also cease to be payable if the beneficiary performs remunerative employment for more than three months.

Surviving Spouse's Pension

CPP benefits are payable to the surviving legal spouse of a deceased contributor or to a person with whom the deceased contributor cohabited for at least one year immediately prior to death. QPP benefits are payable to the surviving legal spouse or to a person with whom the deceased contributor has cohabited for at least one year immediately prior to death, where a child was born or will be born to the couple and where neither of the two people involved was married to another person; otherwise, the cohabitation period is a minimum of three years immediately prior to death. For both plans, contributions must have been made for at least three to ten years, based on the length of the contributory period. Retroactive benefits are payable for up to 12 months for both CPP and QPP.

Under CPP and QPP, the surviving spouse's pension consists of a flat-rate portion plus 37.5% of the contributor's pension (i.e., the amount of the actual pension with adjustments where appropriate or the amount of the pension which the contributor would have received if he or she were 65 years of age at the time of death). It is payable to a surviving spouse aged 45 to 64 years or to a surviving spouse under age 45 who is disabled or has dependent children. The pension ceases to be paid if the survivor ceases to be disabled or to care for dependent children. At age 65, the surviving spouse's pension is equal to 60% of the contributor's retirement

pension. Under QPP, the flat-rate benefit is higher for spouses between the ages of 55 and 65.

A surviving spouse's pension is payable to a surviving spouse under age 35 only where that person is disabled or caring for the dependent child(ren) of the contributor at the time of the contributor's death. When the surviving spouse is between the ages of 35 and 45, is not disabled and has no dependent children, the pension is reduced by 1/120 for each month that the surviving spouse's age, when widowed, is less than 45 years. Under CPP, spouses who are under age 35 when widowed and are neither disabled nor caring for dependent children become eligible for a surviving spouse's pension upon reaching age 65.

Since January 1987, the CPP survivor's pension continues to be payable on remarriage; benefits are reinstated, upon application, for persons who remarried prior to this provision coming into effect. However, no retroactive payments are paid for any time prior to January 1987.

Since January 1984, recipients of a QPP surviving spouse's pension continue to receive their pension if they remarry. Persons who lost their surviving spouse's pension when they remarried may have it reinstated upon application. In the case of remarriage of a surviving spouse, adoption of a dependent child of a contributor by the new spouse will not cause the QPP surviving spouse's, pension to be reduced or terminated; this provision came into effect in January 1984.

Combined Pensions

Combined pensions available under CPP and QPP can consist of either a surviving spouse's pension plus a disability pension or a surviving spouse's pension plus a retirement pension. The first type is payable to a widowed contributor who is also eligible for a disability pension. The second type is payable to a widowed contributor eligible for a retirement benefit in his or her own right. Combined benefits are subject to certain limits.

Disabled Contributor's Child's Benefit and Orphan's Benefit

Under both CPP and QPP, disabled contributor's child's benefits and orphan's benefits are payable on behalf of the dependent child of a beneficiary of a disability pension and of a deceased contributor, respectively. The flat-rate monthly amounts are paid to children under 18 years of age, or to young adults 18 to 25 years of age who are full-time students. Benefits are suspended upon interruption of school attendance and reinstated when attendance resumes. Under QPP only, benefits cease if the child marries.

Death Benefit

A death benefit is payable, under both CPP and QPP, to the estate of a contributor who has made contributions for at least the minimum qualifying period (three to ten years, depending on the length of the contributory period). The benefit consists of a lump sum payment equal to six times the monthly retirement pension, up to a maximum of 10% of the Year's Maximum Pensionable Earnings (i.e., $3,050 in 1991) for the year of death. Under CPP, no time limit exists regarding application for the death benefit;

for QPP, however, application must be made within five years of the death of the contributor.

Division of Pension Credits

Provisions for credit splitting (the equal division of pension credits between spouses in the event of divorce or annulment), which have existed under CPP since 1978, were substantially revised in January 1987. In the case of divorce and legal or common-law separation after January 1, 1987, spouses who have cohabitated for at least one year divide equally their CPP pension credits earned during their period of cohabitation. Credit splitting may be disallowed, however, if a spousal agreement contains a specific waiver of a division of CPP pension credits and the spousal agreement is drawn up in a province that recognizes such a waiver. Only the province of Saskatchewan has a law recognizing this type of waiver. While no time limit exists for application by legal spouses (except in the event of the death of one of the separated spouses), common-law spouses must apply within three years following the first year of separation. Legal or common-law spouses must be separated for one year before applying for a division of credits.

Credit splitting is disallowed in all cases where it is detrimental to both parties.

Provisions concerning the division of pension credits between former spouses exist under QPP since January 1, 1978. However, since July 1, 1989, these provisions have been amended to the extent that persons are entitled to a division of pension credits in cases of legal separation in the same manner as for divorces and marriage annulments. Moreover, the division of pension credits is now done automatically rather than requiring a request to that effect within 36 months of the final divorce decree

or the marriage annulment, as was the case previously. The period covered by the provision begins with the year of marriage and ends with the year preceding the year of the final divorce decree, the marriage annulment or the separation of the spouses; when included in a judgement, this period may extend to the end of the year preceding the year during which cohabitation ceased. The spouse who stands to gain the most by the division of pension credits may, by means of a notarized affidavit, waive his or her right to the division of credits, provided that the affidavit is registered within a year of the effective date of the judgement. There are no credit-splitting provisions in cases of separation of common-law spouses.

Assignment of Pensions

On retirement, either spouse in a marriage or common-law union may apply to share the CPP retirement pension(s) earned during their union. Both spouses must be at least 60 years of age and must have applied for any CPP retirement benefits to which they are entitled. The assignment of pensions may be precluded by a spousal agreement permitted under provincial law.

The QPP does not provide for the assignment of pensions.

International Social Security Agreements

Reciprocal International Social Security Agreements with other countries ensure that no one is left without coverage, avoid duplication of coverage and allow eligible persons to contribute to the plan of one country or another. Persons residing in Canada may add social security credits earned while in a reciprocating country to their Canadian credits when establishing eligibility for CPP/QPP disability, survivor benefits, or death benefits. The amount paid by each of the two countries is in

proportion to the actual credited periods earned under its legislation.

The retirement pension is not included in the agreements, since it is payable to a person if one valid contribution has been made to CPP or one year of contributions has been made to QPP.

As of January 1991, reciprocal International Social Security Agreements are in force between the Canadian federal government and Italy, France, Portugal, the United States, Greece, Jamaica, Barbados, Belgium, Denmark, Norway, Sweden, Austria, Saint Lucia, Spain, Finland, Dominica, Germany, Australia, Iceland, Luxembourg and the Netherlands. In addition, agreements have been signed with Cyprus and Ireland; these agreements will each take effect when ratified by Canada and the other countries. Quebec has agreements in force with Italy, France, Portugal, Greece, the United States, Barbados, Denmark, Saint Lucia, Sweden, Norway, Finland, Germany, Jamaica, Dominica and Luxembourg. In addition, an agreement has been signed with Cyprus and will take effect when ratified.

Indexation

Maximum benefit amounts are adjusted annually on the 1st of January of each year to reflect increases in the Consumer Price Index for the 24-month period ending October 31 of the preceding year. QPP orphan's and disabled contributor's child's benefits have been equal to a flat rate of $29 per month since January 1, 1974.

Taxation

All benefits are considered as taxable income under the *Income Tax Act* except for the disabled contributor's child's benefits and orphan's benefits which are not taxable unless they are paid directly to a child over the age of 18.

Financing/Administration

CPP and QPP are funded through employer and employee contributions, plus interest earned on the investment of funds which are in excess of benefit and administrative expenses.

Administration of all parts of CPP, except Part I, is the responsibility of the Department of National Health and Welfare. Part I, which concerns coverage and contributions, comes under the jurisdiction of Revenue Canada, Taxation. QPP is administered by the Quebec Pension Board (Régie des rentes du Québec), while contributions are the responsibility of the Quebec Ministry of Revenue (Ministère du Revenu du Québec).

Related Programs

Saskatchewan Pension Plan

The Saskatchewan Pension Plan (SPP) is a voluntary money purchase scheme which was established in August 1986 to provide greater security in retirement for persons not adequately covered by a private pension plan. It is designed to create a retirement pension for persons who do not belong to a pension plan as well as to supplement a member's existing pension.

Eligibility

Provincial residents between the ages of 18 and 65 who hold a valid health services card are eligible to join the plan. Members may be eligible to receive matching contributions from the provincial government, depending on the contributor's income for the previous year.

CPP and QPP

Maximum Monthly Benefits
1991

Type of Benefit	CPP	QPP
Retirement Pension (Earnings-related)		
60 Years	$ 423.40	$ 423.40
65 Years	604.86	604.86
70 Years	786.32	786.32
Disability Pension	743.64	743.64
Flat-rate portion	289.99	289.99
Earnings-related portion	453.65	453.65
Surviving Spouse's Pension[1]		
65 and over (Earnings-related)	362.92	362.92
55-64 years	339.96	597.82
Flat-rate portion	113.14	371.00
Earnings-related portion	226.82	226.82
Under 55 years	339.96	516.81
Flat-rate portion	113.14	289.99
Earnings-related portion	226.82	226.82
Combined Pension		
Retirement (65 Years)/Surviving Spouse's	604.86	604.86
Disability/Surviving Spouse's Pension	894.85	894.85
Disabled Contributor's Child's Benefit (Flat Rate)	113.14	29.00
Orphan's Benefit (Flat Rate)	113.14	29.00
Death Benefit (Lump Sum)	3,050.00	3,050.00

1. Maximum benefits are slightly higher (due to the benefit calculation method) for those cases where the contributor died in December 1990 and the Surviving Spouse's Pension began in January 1991.

CPP/QPP
Beneficiaries[1]
March 1990

Province	Retirement Pension	Disability Pension	Surviving Spouse's Pension	Total[2] (000's)
Nfld.	32,654	5,362	12,536	48,148
P.E.I.	10,603	1,192	3,719	14,206
N.S.	73,378	14,308	28,102	107,215
N.B.	57,982	7,507	20,866	78,915
Que.				
CPP	6,177	840	2,976	9,478
QPP[3]	537,675	43,317	203,294	729,331
Ont.	823,250	95,118	280,538	1,087,588
Man.	103,645	7,270	33,021	130,256
Sask.	94,823	6,087	30,441	120,576
Alta.	161,087	14,379	52,440	207,986
B.C.	290,343	24,702	82,827	364,238
Y.T.	795	94	338	1,141
N.W.T.	695	84	407	1,136
Outside Can.	18,559	1,703	6,024	25,066
Other[4]	79,314	17,248	13,017	109,530
Total				
CPP	1,753,305	195,894	567,252	2,305,479
CPP & QPP	2,290,980	239,211	770,546	3,034,810

1. Does not include beneficiaries of children's benefits or death benefits.
2. Persons receiving combined pensions are counted for each type of benefit but are counted only once in the total.
3. QPP figures include beneficiaries in all provinces as well as outside Canada.
4. Beneficiaries paid through the supplementary cheque system or under international agreements on social security.

CPP/QPP
Benefit Expenditures
1989-90 ($ millions)

Province	Retirement Pension	Disability Pension	Surviving Spouse's Pension	Total[1]
Nfld.	107.0	42.7	29.4	192.5
P.E.I.	32.3	9.0	7.9	51.9
N.S.	262.9	109.8	67.2	465.4
N.B.	195.1	59.2	48.2	318.2
Que.				
CPP	22.9	6.7	7.8	39.8
QPP[3]	1,868.8	329.1	677.8	2,946.1
Ont.	3,238.6	790.2	690.5	4,906.8
Man.	369.3	59.0	76.9	523.7
Sask.	330.4	50.0	67.7	465.5
Alta.	588.3	120.5	123.9	869.8
B.C.	1,093.2	208.9	199.9	1,553.0
Y.T.	3.2	.9	.8	5.3
N.W.T.	2.2	.7	1.0	4.9
Outside Can.	44.8	12.5	14.4	76.2
Total[2]				
CPP	6,290.2	1,470.1	1,335.5	9,473.0
CPP and QPP	8,159.0	1,799.2	2,013.3	12,419.1

1. Total benefit expenditures include payments for children's and death benefits not shown separately.
2. Totals may not add up due to rounding.
3. QPP figures include benefit expenditures in all provinces as well as outside Canada.

Family Allowances

The principal objective of the federal Family Allowances (FA) program is to provide financial assistance to parents with dependent children to help meet the costs of raising those children. The program also includes payment of a Special Allowance on behalf of children who are maintained by a welfare agency, a government department or an institution.

Commencing in 1989, the tax system is used to recover all or a portion of Family Allowances payments from higher income Canadians at a rate of 15% of individual net income exceeding $50,000 indexed annually by the amount by which inflation exceeds 3%. The recovery rate of 15% was phased in over three years beginning in 1989.

Eligibility

A parent or guardian who is wholly or substantially maintaining a dependent child under the age of 18 may apply for Family Allowances. To be eligible, at least one parent or guardian must be

- a Canadian citizen;
- a permanent resident of Canada (under the *Immigration Act*); or
- a visitor or holder of a Minister's Permit (under the *Immigration Act*) who has been legally admitted to Canada for at least one year and whose income during that time is subject to Canadian income tax. Under certain circumstances, Canadian residents who are living outside Canada may still

receive Family Allowances on behalf of the children in their care.

A Special Allowance is payable on behalf of a child under the age of 18 who is maintained by a welfare agency, a government department or an institution which is authorized to be responsible for the care and custody of children. In some cases, such as when a child's placement is indefinite, payment may be made directly to a foster parent.

Benefits

The Family and Special Allowances are flat-rate benefits which are paid monthly on behalf of each dependent child.

Provinces may vary the amount of Family Allowances that the federal government pays to their residents according to the age and/or number of children in a family. Currently Alberta and Quebec have chosen this option. The Special Allowance rate is not subject to variation by the provinces.

Indexation

Indexation of both Family and Special Allowances on January 1st of each year is limited to the amount by which the Consumer Price Index exceeds 3%. For 1990 and subsequent taxation years, the $50,000 income threshold for recovery of benefits will be indexed on the same basis as other indexed brackets and thresholds in the tax system.

Taxation

Federal Family Allowances are taxable; Special Allowances are not. Repayments for higher income Canadians will be calculated on the income tax return and will be deductible in determining the amount of income subject to the personal income tax.

Financing/Administration

Family Allowances are administered by the Income Security Programs Branch of Health and Welfare Canada and are funded out of the federal government's Consolidated Revenue Fund.

Related Programs

Five provinces operate special cash benefit programs for families with dependent children. Some of these programs are targeted to low-income families, while others focus on the needs of families caring for a disabled child. Also, Quebec operates its own provincial Family Allowances program which provides a supplement to the federal Family Allowances.

Family Allowances
Monthly Benefits Per Child
1991

Type of Benefit	
Family Allowance[1]	$ 33.93
Special Allowance	50.61
Alberta Variation	
Child, 0-6 years	26.80
7-11 years	32.50
12-15 years	42.80
16-17 years	48.70
Quebec Variation[2]	
Child, 0-11 years	
First child	21.69
Second child	32.34
Third and each additional child	80.76
Child, 12-17 years	
First child	30.02
Second child	40.67
Third and each additional child	89.09

1. The federal *Family Allowances Act* specifies that a province may vary the monthly FA rate according to the age and/or number of children. Only Quebec and Alberta have varied the rate.
2. Quebec also administers the Quebec Family Allowances as part of its Family Assistance Allowances program.

Family Allowances
Beneficiaries and
Expenditures
March 1990

Province	Families[1,2]	Children	Expenditures 1989-90 ($ millions)
Nfld.	93,128	166,311	66.8
P.E.I.	18,945	35,687	14.2
N.S.	127,440	225,044	89.6
N.B.	108,206	190,498	76.0
Que.	944,245	1,619,857	646.0
Ont.	1,322,456	2,372,782	947.6
Man.	152,765	288,997	115.6
Sask.	142,143	285,786	114.5
Alta.	360,193	686,760	272.0
B.C.	415,539	757,409	299.6
Y.T.	4,313	7,702	3.1
N.W.T.	9,892	20,763	8.4
Total	3,699,265	6,657,596	2,653.5

1. Includes 30,002 child welfare accounts and 280 foster accounts. Each account is considered to be a "family". Generally, there is one child per agency account.
2. Agency and foster accounts receive the Special Allowance.

Child Tax Credit

The federal Child Tax Credit (CTC) program provides assistance in meeting the costs of raising children for low- to middle-income families. A supplement to the Child Tax Credit is also available to parents of eligible children under seven years of age provided no child care expenses are claimed in respect of those children.

Eligibility

Any parent (usually the mother) or guardian who receives Family Allowances on behalf of a dependent child at any time in the year may claim the Child Tax Credit on his or her income tax return. The amount of the Child Tax Credit varies according to family income and the number of eligible children. Family income is defined as the net income of both parents, whether married or not (provided they are living together), or the net income of the parent in a sole support family. The net income of any other person who is claiming a personal credit for an eligible child, whether or not the person lives with the claimant of the CTC, must also be included in family income; this would include a separated or divorced parent or a grandparent.

Benefits

The maximum benefit per child, excluding the supplement (see below), for the 1990 tax year is $575 (payable in 1991). This benefit is payable for those with

a net family income up to $24,769 in 1990 (income threshold). The credit is reduced by 5% of income above the threshold. Thus, families with two children and incomes up to $47,769 are eligible for all or some of the credit, depending upon their income.

An annual per child prepayment of the Child Tax Credit is paid automatically in November of each tax year to eligible families, based on the prior-year family net income. The amount of the prepayment is approximately two-thirds of the current-year credit to which a family is entitled and is paid to families with incomes up to two-thirds of the maximum credit threshold, and up to the full threshold for families with three or more children. The maximum prepayment per eligible child in November 1990 is therefore $383. The balance of the credit or reconciliation of over-paid amounts is obtained by filing a tax return in respect of the current year.

A supplement to the Child Tax Credit is available to families with a child or children under seven years of age, based on the Child Care Expense Deduction claimed. The maximum supplement (i.e., where no child care expenses are claimed) for the 1990 tax year is $203 per child. Two-thirds of the $203 supplement is also included in the prepayment for eligible families.

Indexation

The income threshold for the Child Tax Credit and the credit itself (including the supplement) are indexed by the annual increase in the Consumer Price Index which exceeds 3%.

Taxation

For families with federal tax liabilities, the refundable credit to which they are entitled may be used to reduce the amount of taxes which must be paid; families whose taxes are less than the credit, or who owe no tax at all, receive the credit as a cash payment.

Financing/Administration

The federal Child Tax Credit program is administered by Revenue Canada, Taxation, through the income tax system. Payments are made out of the federal government's Consolidated Revenue Fund.

Child Tax Credit

Number of Families/Children and Tax Credits Allowed 1988

Province	Families[1]	Children	Tax Credits Allowed ($000's)[2]
Nfld.	75,240	151,994	69,310
P.E.I.	14,980	30,898	13,651
N.S.	89,790	177,962	76,082
N.B.	81,760	158,895	72,180
Que.	628,890	1,203,970	525,577
Ont.	692,930	1,479,433	568,221
Man.	107,760	230,314	103,488
Sask.	107,550	238,175	105,927
Alta.	227,350	493,178	206,621
B.C.	247,340	509,113	215,096
Y.T.	2,440	5,411	2,100
N.W.T.	6,170	17,111	7,809
Outside Can.	2,620	5,625	1,809
Total[3]	2,284,810	4,702,079	1,967,871

1. The number of families represents the number of taxfilers claiming the credit.
2. Credits are those allowed in respect of the 1988 tax year, to persons filing income tax returns in 1989.
3. Totals may not add up due to rounding.

Canada Assistance Plan

Under Canada Assistance Plan (CAP) agreements with the provinces, the federal government contributes on a 50/50 basis to eligible costs incurred by provinces and municipalities in providing:

- assistance to persons in need;
- welfare services to persons who are in need or likely to become in need unless such services are provided; and
- work activity projects which are designed to improve the employability of persons who have unusual difficulty in finding or retaining jobs or in undertaking job training.

As part of the federal Expenditure Control Plan, federal contributions under CAP for 1990-91 and 1991-92 will be limited to an annual growth of 5% (over a 1989-90 base year) for the three provinces which do not receive equalization payments (i.e., Ontario, British Columbia and Alberta). This measure will be further extended for three years (1992-1995).

Although the federal government specifies the terms for obtaining cost sharing, provinces are solely responsible for the administration of their programs, including their design, comprehensiveness, eligibility requirements and method of delivery.

Eligibility/Benefits

Assistance means aid in any form to persons in need to provide all or any of the following:

- basic requirements (i.e., food, shelter, clothing, fuel, utilities, household supplies and personal requirements);
- a range of prescribed needs, including items incidental to carrying on a trade or other employment (e.g., permits, tools or other equipment) and special needs of any kind, including any item necessary for the safety, well-being or rehabilitation of a person in need (e.g., essential repairs or alterations to property, civil legal aid, items required by disabled persons such as wheelchairs);
- travel and transportation;
- certain welfare services (e.g., day care) purchased by, or at the request of, a provincially approved agency;
- care in homes for special care (e.g., homes for the aged, nursing homes, child care facilities and hostels for battered women and children). (Since April 1, 1977, the major portion of federal costs related to long-term residential care for adults has been subsumed under the Extended Health Care Services Program of the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act*);
- certain health care costs (e.g., drugs, dental care) if they are not covered under universal health care programs of the provinces or are not covered under the *Canada Health Act* and funded under the

Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act; and

- the cost of maintaining children in foster homes.

Persons in need under the Plan are:

- persons who, regardless of the cause of their need, are unable to provide adequately for themselves and/or their dependants (eligibility is based on a needs test established by the province which takes into account the applicant's budgetary requirements and the income and resources available to meet such requirements);
- children who are in the care of a child welfare authority; and
- foster children.

Under the CAP Agreement, a person may not require a period of residence in the province or in Canada as a condition of eligibility for assistance. The agreement also requires that a province establish, by law, a procedure for appeals from decisions with respect to applications for, or the granting of, assistance.

Welfare services means services having as their object the lessening, removal or prevention of the causes and effects of poverty, child neglect or dependence on public assistance and include:

- day care services for children;
- homemaker, home support and similar services to support individuals and families in emergency situations or as an aid to independent living in the community for elderly and disabled persons;

- casework, counselling, assessment and referral services (includes services for children who are in need of protection because of abuse and/or neglect and preventive services to children in their own home);
- adoption services;
- rehabilitation services including services to the chronically unemployed (e.g., life skills training, referral and job placement services) and services to meet the special needs of persons at risk of being socially isolated, with particular emphasis on elderly, and physically and mentally disabled persons;
- community development services designed to encourage and assist members of deprived communities to participate in improving their community's social and economic conditions;
- consulting, research and evaluation services with respect to welfare programs; and
- administrative services relating to the delivery of assistance and welfare services programs.

CAP shares in staff costs (such as salary, travel and training) of welfare services provided to eligible clientele by the province or by provincially approved non-profit agencies.

Eligible clientele are persons in need or persons who are likely to become in need unless such services are provided. Likelihood of need is usually determined on the basis of an income test.

Work activity projects are designed to improve participants' motivation and capacity to work and to prepare them to join or rejoin the work force. Agreements

under the Plan are in place with all provinces but not with the territories.

Taxation

Assistance benefits are not subject to income tax. However, they are taken into consideration in determining entitlement to the federal Goods and Services Tax Credit.

Financing/Administration

Funding for programs under the Canada Assistance Plan is provided by the Consolidated Revenue Fund and for Quebec through CAP and by the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act.* CAP is administered by the Cost Shared Programs Directorate, Social Service Programs Branch, Health and Welfare Canada.

CAP

Federal Payments to the provinces by Component 1989-90 ($000's)

Province	General Assistance	Homes for Spec. Care
Nfld.	59,609	6,277
P.E.I.	13,748	2,817
N.S.	109,951	15,332
N.B.	118,092	6,234
Que.*	1,071,979	209,675
Ont.	1,212,573	49,657
Man.	103,163	16,466
Sask.	94,643	14,679
Alta.	341,729	41,285
B.C.	436,157	58,480
Y.T.	1,386	620
N.W.T.	10,129	1,905
Total	3,573,159	423,427

* The federal contribution to Quebec includes tax transfers totalling $525 million under the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act.*

Note: These amounts reflect the payments made to provinces for claims submitted during the fiscal year and may include costs incurred in previous years.

Health Care	Child Welfare	Welfare Services	Work Activity	Total
8,686	8,072	18,405	0	101,049
918	775	5,623	0	23,881
6,888	5,928	18,280	832	157,211
6,020	3,556	25,034	0	158,936
83,357	25,456	332,487	656	1,723,610
64,795	46,806	387,493	158	1,761,482
6,694	13,267	52,629	2,278	194,497
4,742	6,911	31,793	89	152,857
30,015	19,031	80,888	239	513,187
31,874	3,666	163,259	347	693,783
0	461	2,735	0	5,202
0	1,479	3,346	0	16,859
243,989	135,408	1,121,972	4,599	5,502,554

CAP
Number of Persons Assisted*
As of March 31, 1990

Province	Assistance Recipients	Persons in Homes for Special Care		Children in Care
		Adults	Children	
Nfld.	47,900	1,160	780	740
P.E.I.	8,600	340	100	240
N.S.	78,400	2,560	1,300	1,520
N.B.	67,200	2,080	980	1,350
Que.	555,900	6,400	14,320	n/a
Ont.	675,700	25,240	12,050	10,230
Man.	66,900	3,600	3,240	3,310
Sask.	54,100	2,580	1,120	2,420
Alta.	148,800	6,070	3,320	3,680
B.C.	216,000	10,740	4,840	6,220
Y.T.	1,000	80	100	180
N.W.T.	9,600	50	190	290
Total	1,930,100	60,900	42,340	-

* All figures are estimates. It should be noted that provincial definitions differ and the resulting numbers are not comparable. An estimated 1,169,500 persons benefited from welfare services (adoption, casework, child day care, home makers, rehabilitation, child welfare, community development) cost shared under CAP.

Note: Care should be taken in using these figures since individuals may appear in more than one category, and totalling categories would result in double counting.

Vocational Rehabilitation of Disabled Persons Program (VRDP)

Under time-limited agreements with all provinces, the federal government contributes 50% of the eligible costs incurred by provinces in providing a comprehensive program for the vocational rehabilitation of physically and mentally disabled persons. As of April 1, 1990, a new three-year agreement took effect.

Although the federal government specifies the terms for obtaining cost sharing, provinces are solely responsible for the administration of their programs, including their design, eligibility requirements and method of delivery.

Eligibility

Eligible clients are physically and mentally disabled persons of working age who require vocational rehabilitation services to become capable of pursuing regularly a substantially gainful occupation. This includes persons who are disabled because of psychiatric, sensorial, intellectual or learning impairment and/or impairment relating to mobility, and alcohol and drug addictions. It is estimated that more than 200,000 disabled Canadians benefit from programs cost shared under VRDP.

Unlike the Canada Assistance Plan, which also provides for cost sharing of benefits to disabled persons, financial need is not a consideration, with the exception of cost-shared maintenance/training allowances which are provided on a personal needs basis.

Benefits

Goods and services provided to individuals under a comprehensive vocational rehabilitation program include:

- assessment;
- counselling;
- restorative goods and services including prostheses, orthotics, wheelchairs, technical aids and other devices;
- vocational training and employment placement;
- books, tools and equipment required during the course of the vocational rehabilitation process;
- maintenance or training allowances as required by each individual;
- follow-up goods and services for a period of up to 36 months after a person has entered employment; and
- goods and services provided during a vocational crisis.

These are either provided directly by the province or through provincially supported voluntary agencies.

Costs Shared

VRDP shares in the following costs:

- salaries, travel and training of provincial and agency staff whose duties are directly related to the vocational rehabilitation program, including certain other administrative expenses;

- costs of specific goods and services for individual clients;
- costs of publicity concerning the provincial program; and
- costs of provincially supported research projects to improve the operation of vocational rehabilitation programs.

Directly Funded Research

Under the *Vocational Rehabilitation of Disabled Persons Act*, the Department may also make direct contributions to individuals and to non-governmental organizations for research in the areas of vocational rehabilitation for disabled persons. This fund is administered by the National Welfare Grants Division of the Social Service Programs Branch. In 1989-90, the Department contributed $26,300 for the publication of two research studies.

Taxation

Benefits are not subject to income tax. However, they are taken into consideration in determining entitlement to the federal Goods and Services Tax Credit.

Financing/Administration

Financing for VRDP is provided through the federal government's Consolidated Revenue Fund. VRDP is administered by the Cost Shared Programs Directorate, Social Service Programs Branch, Health and Welfare Canada.

VRDP

Federal Contributions to the provinces
1989-90
($ 000's)

Province	Total
Nfld.	4,624
P.E.I.	271
N.S.	4,993
N.B.	5,568
Que.	4,679
Ont.	44,310
Man.	5,047
Sask.	5,885
Alta.	15,791
B.C.	14,268
Y.T.	1,080
N.W.T.	--
Total	106,516

Note: These amounts reflect the payments made to the provinces for claims submitted during the fiscal year and may include payments for costs incurred in previous years.

Alcohol and Drug Treatment and Rehabilitation Program (ADTR)

Under this program, time-limited agreements with the provinces enable the federal government to extend financial support to increase and improve the availability of alcohol and drug treatment and rehabilitation programs to combat alcohol and drug problems in Canada, with special emphasis on programs for youth. This program is a component of the National Drug Strategy (now Canada's Drug Strategy), which was announced in May 1987.

The first ADTR agreement took effect April 1, 1988 for a two-year period. As of April 1, 1990 new three-year agreements signed with eight provinces took effect. Negotiations continue with the remaining provinces and the territories.

While the federal government specifies the terms for obtaining cost-sharing, provinces and territories are solely responsible for the administration of their programs, including their design, eligibility requirements and method of delivery.

Eligibility

Eligible clients are persons who require services, with an emphasis on youth principally, but including women, employed persons, non-status Indians and the elderly.

Benefits

Federal support extends to a range of services associated with the treatment and rehabilitation continuum, including:

- detoxification services
- early identification and intervention
- assessment and referral
- basic counselling/case management
- definitive therapeutic intervention
- special access services
- aftercare/clinical follow-up
- awareness and development, and
- research and evaluation.

Funding also extends to time-limited projects associated with workplace initiatives.

Costs Shared

Cost-sharing applies only to costs of services to the extent that they are new or expanded as of April 1, 1987 as far as provincial funding is concerned. Shareable costs include:

- salaries (and related benefits)
- staff travel/training costs
- costs related to program management and administration with respect to direct services
- purchase of goods and services for individuals, and

- all costs attributable to awareness and development, research and evaluation as well as workplace initiatives.

Financing/Administration

Federal contributions are made on the basis of annual appropriations and paid pursuant to the federal-provincial agreements. The maximum federal allocation in 1989-90 was $20 million. The amount of the maximum allocation for each province and territory is based on a formula outlined in Schedule 1 of the agreement. The ADTR program is administered by the Cost Shared Programs Directorate, Social Service Programs Branch, Health and Welfare Canada.

ADTR

Federal Contributions to the provinces
1989-90

Province	Total $
Nfld.	96,142
P.E.I.*	--
N.S.	144,833
N.B.	106,731
Que.	863,370
Ont.	4,952,348
Man.*	--
Sask.	460,740
Alta.	590,922
B.C.	2,051,000
Y.T.*	--
N.W.T.*	--
Total	9,266,086

* No agreement signed in 1989-90.

Provincial Workers' Compensation Programs

Workers' Compensation programs provide income protection for members of Canada's labour force who suffer wage loss due to occupational injury or disease and assist them with medical or other expenses. Workers' compensation programs are administered by autonomous agencies (boards or commissions) of provincial governments. Federal workers are covered under the *Government Employees Compensation Act* but its administration is delegated to boards and commissions across Canada. The Compensation Boards

- compensate for the interruption of income during the injured worker's disablement and cover treatment-related expenses;
- assist an injured worker to return to gainful employment through the provision of comprehensive rehabilitation services; and
- pay benefits to dependants of a deceased worker.

The Canadian workers' compensation system provides a mutual insurance scheme through which the employers in a given class of industry or occupation are jointly liable for the costs of all injuries related to that class. Yearly assessments for each class are based on a percentage of insurable payroll. Coverage by a board automatically precludes legal action by the worker against the employer.

Detailed information on various provisions of each provincial program may be obtained from the boards and commissions.

Eligibility

Workers' compensation, which originally covered only industries considered to be the most hazardous, presently insures 70 to 90% of the labour force, depending on the jurisdiction. All full- and part-time employees of insured industries are eligible for benefits when they have been injured on the job or have become victims of an occupational disease. The only conditions under which compensation may not be payable are where the worker is disabled for less than a stated period or where the injury is attributable solely or primarily to the wilful misconduct of the worker and does not result in death or serious disablement.

Benefits

Injured workers may receive one or a combination of the following types of benefits: cash compensation, medical aid and/or rehabilitation services. Cash compensation may be payable to the injured worker in respect of a temporary or permanent disability, and to surviving dependants in the case of the worker's death.

Cash Compensation

The amount of compensation payable is based on a proportion of the worker's insurable earnings prior to the accident, as well as the extent and duration of disability. Increasingly, boards are also considering the worker's earning capacity after the injury when establishing the amount of compensation payable. In Prince Edward Island, Nova Scotia, Manitoba, British Columbia and the Yukon, wage loss compensation is based upon 75% of the worker's average pre-accident **gross** earnings. All other jurisdictions base compensation on 90% of the worker's **net** pre-accident earnings or net earnings loss. In all

cases, a ceiling is placed on the annual amount of earnings considered to be insurable for the worker; however, these maxima vary considerably among provinces.

Medical Aid

In the case of an accident, medical aid must be available. All workplaces must be equipped to administer immediate first aid. In addition, the following may be provided: surgical and dental procedures, hospitalization, nursing services, medicine, prosthetic appliances (including maintenance) and the replacement and repair of dentures and eyeglasses.

Depending on the jurisdiction, allowances for personal care or attendant care may be provided in addition to regular wage loss compensation to workers suffering serious permanent disability.

Rehabilitation Services

Vocational rehabilitation services are also provided to injured workers as all boards emphasize the need to return workers to suitable employment whenever possible. Services may include vocational guidance, counselling, testing, retraining and assistance in finding gainful employment.

Indexation

There is considerable variation among the provinces regarding the adjustment of both the amount of maximum insurable earnings and benefits.

Taxation

Payments are non-taxable.

Financing/Administration

Although workers' compensation programs are administered through boards, the system is funded entirely by employers.

The primary role of the boards is to determine, through adjudication, a worker's eligibility for compensation and the amount of compensation to which he/she is entitled. In addition, boards are responsible for accounting, data processing, medical aid, vocational rehabilitation, assessment of industries and, in some jurisdictions, for accident prevention and workplace inspections.

The assessment of industries is established considering associated risk, number of employees and the workers' earnings. The boards establish and maintain rate groups, charging each member of a group the same rate. Nine jurisdictions in Canada have instituted Experience Rating Assessment systems which establish rates based on the safety record and cost experience of individual employers. Reductions or surcharges are imposed accordingly.

Workers' Compensation

Wage Loss Benefits[1]
January 1991

Province	Maximum Insurable Earnings ($)	Maximum Monthly Benefits ($)	Minimum Monthly Benefits ($)
Nfld.	45,500	2,556.09[2,4]	866.00[4]
P.E.I.	25,000	1,562.50	260.00[3]
N.S.	36,000	2,249.83	637.50
N.B.	37,300	2,110.23[2,4]	1,035.00[4]
Que.	42,000	2,225.06[2,4]	872.54[2,4]
Ont.	42,000	2,351.39[2]	1,167.71
Man.	38,000	2,375.00	816.00
Sask.	48,000	2,519.55[2]	970.27
Alta.	40,000	2,204.64	900.00
B.C.	45,800	2,862.50	1,068.63
Y.T.	40,000	2,499.94	645.66
N.W.T.	40,000	2,444.40[2,4]	1,100.00[3,4]

1. Benefits listed are for permanent disability unless otherwise noted. No lump sum amounts have been included in this table.
2. This amount is payable to a worker with a spouse and two dependants. Benefits may vary, depending on the worker's family size.
3. Or earnings, if less.
4. Amounts paid are for temporary disability. Benefits are paid weekly.

Workers' Compensation

Caseload and Expenditures
1989[1]

Province	Cases[2]	Expenditures[3] ($ 000's)
Nfld.	21,646	86,928
P.E.I.	4,601	8,280
N.S.	48,574	86,348
N.B.	41,378	59,970
Que.	251,557	1,007,657
Ont.	417,517	1,682,380
Man.	39,204	95,586
Sask.	33,319	83,548
Alta.	58,022	322,122
B.C.	153,545	411,318
Y.T.	1,472	2,824
N.W.T.	3,548	10,130
Total	1,074,383	3,857,091

1. All data are preliminary.
2. Figures for Ontario, the Yukon and Northwest Territories are estimates.
3. Expenditures included are for wage loss compensation, pensions, medical and related expenses, and funeral and related expenses; figures represent total expenditures on compensation in the 1989 calendar year.

Unemployment Insurance

The federal Unemployment Insurance (UI) program provides income protection for workers suffering employment interruptions due to unemployment, sickness, and birth or adoption of a child. On October 22, 1990 Bill C-21, An Act to Amend the Unemployment Insurance Act, was passed resulting in significant changes in the UI program. These changes include:

- revision of the current system of maternity, parental and sickness benefits, effective November 18, 1990;
- an amendment to entrance requirements and the duration of benefits, effective November 18, 1990;
- extended unemployment insurance to workers over the age of 65 (retroactive to September 23, 1988) and to people working for their spouses in a normal working relationship, effective November 18, 1990;
- an increase to the penalties for those who quit their jobs without just cause, refuse a job, or are fired for misconduct, effective November 18, 1990;
- an increase in the unemployment insurance rate, retroactive to January 1, 1990.
- removal of government financing of UI benefits;
- provision for making regulations to expand developmental uses of the UI account and to pay approved course costs and supplementary training benefits from that account.

Eligibility

Workers (except the self-employed) are eligible to receive UI benefits if they were employed in "insurable employment" and if they and their employers have made premium contributions to the UI account. Those employed for less than 15 hours and earning less than $136 per week in 1991 are not considered to be in insurable employment. About 95% of workers in Canada are presently protected by Unemployment Insurance.

To receive regular unemployment benefits, an individual must have worked between 10 and 20 weeks in the last 52 weeks or since the beginning of his/her last UI claim, whichever is the more recent. The number of weeks required to qualify depends on the unemployment rate in the UI economic region in which the claimant resides.

Self- employed commercial fishermen who are unable to qualify for regular UI benefits may qualify for fishing benefits. Fishing benefits are subject to special rules regarding qualifying periods, determination of insured weeks, benefit periods, etc.

Effective November 18, 1990, workers who are related to their employer may be covered by Unemployment Insurance if they are dealing "at arms length". If they work under the same sort of employment contract as other workers who are not related to their employer, their employment is insured and they will pay premiums. This means that if they become unemployed they will also be able to claim any benefit for which they are qualified. Factors such as rate of pay, conditions of employment, length, type and importance of their work will be used to decide whether or not their employment is insurable.

UI pays special benefits to persons who stop working because of sickness, injury, pregnancy and birth or adoption of a child. Generally, a worker must have 20 weeks of insurable earnings in order to be entitled to these benefits.

Benefits

UI benefits are payable only when a person suffers an interruption of employment earnings. All claimants must serve a two-week initial waiting period, during which no benefit is paid.

The benefit rate is 60% of the claimant's average weekly insurable earnings to a maximum weekly benefit of $408 in 1991 (60% of maximum weekly insurable earnings of $680).

Claimants can earn up to 25% of their weekly benefit rate through part-time or temporary employment without a reduction in their regular benefits. Any additional amounts earned are deducted from benefits. All employment-related earnings received while on sickness, maternity or adoption benefits are deducted from benefits dollar for dollar.

Regular Benefits

The number of weeks a claimant can receive benefits varies from 17 to 50 weeks, depending on the number of weeks worked and the unemployment rate in the region.

Special Benefits

Effective November 18, 1990, the following multi-tiered system of special benefits may be paid to eligible parents:

- 15 weeks of maternity benefits in the period surrounding the birth of a child;
- 10 weeks of parental benefits available to natural or adoptive parents, either mother or father or shared between them as they deem appropriate; and
- additional benefits resulting from more flexible combinations of regular, sickness, maternity and parental benefits.

More than one type of special benefit can be claimed within the same benefit period, up to a cumulative maximum of 30 weeks (e.g., 7 weeks of sickness, 15 weeks of maternity, and 8 weeks of parental benefits). In addition, claimants can receive special benefits in combination with regular benefits, but the total cannot exceed 30 weeks or the maximum regular benefit entitlement, whichever is greater.

Workers who are 65 or over will have to pay UI premiums, but will be entitled to UI benefits if they lose their jobs, as long as they meet the usual qualifying conditions. This change is retroactive to September 23, 1988.

Other Benefits

Benefits may also be payable to claimants undertaking approved training or participating in approved job creation projects or work-sharing agreements.

Indexation

The premium rate is set annually by Employment and Immigration Canada (EIC) and is effective January 1. Maximum weekly insurable earnings are calculated as the product of maximum insurable earnings for 1975

($185) and an eight-year moving average of employees' annual average earnings. This moving average of earnings is based on the average of annual wages and salaries paid by employers and reported on T4 slips under the *Income Tax Act*.

Taxation

UI benefits are taxable; furthermore, claimants whose net yearly income in 1991 is over $53,040 must pay back up to 30% of UI benefits received in 1991 when their income tax return for that year is filed.

Financing/Administration

The UI program is financed through employer and employee premiums which are paid to the UI account. Employers deduct workers' premiums from their pay and forward them to the UI account, along with their own contribution. In 1991, employees pay $2.25 for every $100 of weekly insurable earnings up to a maximum weekly contribution of $15.30. Employers pay $3.15 for every $100 of insurable earnings (1.4 times the rate for employees) to a maximum weekly contribution of $21.42 per employee in 1991. Unemployment Insurance is administered by EIC, with Revenue Canada, Taxation being responsible for the collection of premiums, determination of insurable employment and benefit repayment. Application for benefits is made at local Canada Employment Centres.

Related Programs

In addition to the benefits provided under the UI program, many employers offer Supplemental Unemployment Benefit plans which allow payment of certain benefits to their employees when they are off work because of a layoff, illness or pregnancy. These benefits are paid in addition to UI benefits. Some employers also offer approved wage-loss plans to their employees for illness or maternity. Since these employees may not have to collect UI, their employers are eligible to pay reduced premiums to the UI account.

Unemployment Insurance
Beneficiaries and Expenditures
March 1990

Province	Regular
Nfld.	78,510
P.E.I.	15,420
N.S.	57,470
N.B.	65,330
Que.	362,850
Ont.	236,230
Man.	33,950
Sask.	29,340
Alta.	67,650
B.C.	118,790
Y.T.	1,970
N.W.T.	1,500
Total[2,3]	1,069,170

1. Includes sickness, retirement, training, work-sharing and job creation benefits.
2. Includes persons who had been employed by a Canadian firm outside Canada.
3. Totals may not add up due to rounding.
4. Includes persons receiving maternity, paternity or adoption benefits.

Parental[4]	Fishing	Other[1]	Total[3] Beneficiaries	Total[3] Expenditures 1989-90 ($ 000's)
700	12,110	3,200	94,530	845,933
250	2,320	730	18,720	156,609
1,530	5,250	3,650	67,890	584,825
1,020	2,400	3,850	72,590	647,942
13,330	2,250	20,710	399,140	3,827,438
21,600	130	33,310	291,280	2,625,785
2,120	310	4,350	40,730	378,748
1,830	30	2,540	33,740	305,025
5,290	20	5,800	78,740	878,438
5,250	4,820	11,690	140,550	1,521,566
60	-	150	2,180	23,104
160	10	140	1,810	20,326
53,180	29,640	90,110	1,242,110	11,818,380

Federal Employment Programs

Canadian Jobs Strategy

The Canadian Jobs Strategy (CJS) is administered by Employment and Immigration Canada and consists of the programs which are described below. The objective of these programs is to assist Canadians who are experiencing difficulties entering or participating in the labour market. The CJS programs integrate training, work experience and employment equity.

1. Job Development

The objective of the Job Development Program is to assist long-term unemployed individuals to participate effectively in the labour market through training and work experience.

Eligibility

The program is aimed at the long-term unemployed, generally those workers who have been unemployed for at least 24 out of the last 30 weeks. Special measures are available to assist long-term unemployed persons who face barriers to employment.

Eligible employers include businesses, organizations, public health and educational institutions, municipal governments and Native Band Councils.

Benefits

Training costs, wage subsidies and other specified costs are provided to employers who create projects. Relevant training can take place in a formal classroom setting, at a local educational institution, or on the job under appropriate supervision while the worker learns the job duties.

2.(a) Job Entry

The Job Entry Program assists or encourages specific groups of persons to participate effectively in the labour market through training and work experience.

Eligibility

Subcomponents of the program are aimed at assisting specific groups of persons:

- the **Entry Option** assists unemployed out-of-school youth who have not completed a post-secondary education, with priority being given to those most in need (i.e., young people who have not graduated from secondary school);
- the **Re-entry Option** is aimed at unemployed women having difficulty making a successful transition into the labour force due to lack of adequate training and/or work experience;
- the **Severely Employment-Disadvantaged Option** assists severely employment-disadvantaged individuals who face significant, multiple barriers in securing and maintaining employment;

- the **Re-employment Option** assists Unemployment Insurance recipients who are having difficulty making the transition from job to job;

- the **Employment Assistance Option** provides unemployed persons with employment services such as job search techniques, employment counselling and the assessment of aptitudes and skills affecting a person's ability to participate in the labour market; and

- the **Start Option** encourages potential and recent high-school drop-outs to continue their secondary school education through services such as the early identification of potential drop-outs, career and labour market information, career assessment and counselling, mentorship, work orientation, job placement, assistance for parents and other school retention activities.

Under the above options eligible employers include businesses, organizations, public health and education institutions, municipal governments, and Native Band Councils.

- **Co-operative Education** offers employment experience to students enrolled in work-study programs in educational institutions. Groups eligible to submit an application under Cooperative Education include school boards, recognized post-secondary certificate and diploma granting institutions, and recognized post-secondary degree granting, educational institutions.

Benefits

Depending on the program option, employers may receive funds to pay participants' allowances; contributions

toward mandatory employment-related costs such as CPP/QPP, UI, vacation pay; contributions toward overhead costs such as materials, travel and licences; assistance in paying off-site training costs; and additional financial assistance for disabled participants to help defray participation costs. In some cases, participants are paid Unemployment Insurance benefits under sections 26 and 26.1 of the UI Act, instead of being paid allowances.

Under Co-operative Education, grants are provided to school boards and post-secondary institutions for the purpose of setting up and operating cooperative education programs.

2. (b) Job Entry – Challenge Option

Eligibility

The Summer Employment/Experience Development component of the Challenge Option provides career/study-related and practical work experience to in-school youth during the summer months.

The Work Orientation Workshops component provides funding assistance to enable community and business resources to focus on the needs of elementary and secondary students who are potential and actual drop-outs, through the creation of supervised environments for the development of life skills, labour market awareness and plans for future labour market participation.

Benefits

Financial assistance is provided to employers for training, wage subsidies, cost sharing of employment-related costs such as CPP/QPP, UI, vacation pay and overhead costs.

3. Skill Shortages

The Skill Shortages Program assists in meeting labour market needs for workers in designated areas of current or anticipated occupational skill shortages through training and relocation assistance.

Eligibility

Employed, self-employed and unemployed workers may be eligible to benefit from the Skill Shortages Program, depending on the type of activity for which funding is provided.

Eligible employers include businesses, organizations, and Native Band Councils. In the Yukon and Northwest Territories, municipalities with 2,500 inhabitants or less are also eligible.

Benefits

Employers who provide relevant training are paid wage subsidies, and training and other costs. Training can take place in a formal classroom setting, at local educational institutions or on the job under appropriate supervision while the worker learns the duties of the job. Relocation costs and/or travel assistance may be available to individuals willing to relocate to take employment in occupations designated under the Skill Shortages Program.

4. Skill Investment

Skill Investment assists workers whose employment is subject to change or elimination due to technological or market changes through training, relocation assistance and other industry-based adjustment measures.

Eligibility

Eligible participants include persons who are in danger of losing, or who have recently lost, their jobs due to technological or market change.

Eligible employers include businesses, organizations, and Native Band Councils. In the Yukon and Northwest Territories, municipalities with 2,500 inhabitants or less are also eligible.

Benefits

Financial aid is given to employers for training costs and as wage subsidies. Relocation assistance and other industry-based adjustment measures (including work sharing) are provided to individuals.

5. Community Futures

This program assists selected communities with the assessment of their economic problems and the development of employment opportunities through small business development, entrepreneurial support, training and relocation assistance.

Eligibility

Eligible participants are persons in selected communities which are suffering from high unemployment and require economic and employment development assistance. The identification of communities for consideration is based primarily on an ongoing analysis of the regional labour market. Communities or groups of communities may submit proposals for consideration. Those non-metropolitan areas in greatest need with exceptionally high unemployment are given priority.

Benefits

Once a Community Futures Committee (CFC) is established by Employment and Immigration Canada, it recommends the appropriate combination from among the five program options,

- Business Development Centres: provide locally managed technical and advisory services to small businesses as well as loans and investment assistance;
- Self-Employment Incentive: provides grants to social assistance or Unemployment Insurance recipients to help them start their own businesses;
- Relocation and Travel Assistance;
- Direct Purchase of Training; and
- Community Initiatives Fund: supports unique and innovative proposals for employment growth and recovery.

Canadian Jobs Strategy

Taxation

Training allowances are considered to be income and are therefore taxable. Allowances for commuting, for living away from home and for travel are not taxable. Other supplementary allowances are taxable.

Financing/Administration

The Canadian Jobs Strategy is financed through grants and contributions from Treasury Board and from the UI account. It is administered by Employment and Immigration Canada. Application to the above programs can be made at any local Canada Employment Centre or EIC Regional Office throughout the country.

Related Programs

UI Job Creation – Section 25

UI Job Creation assists businesses and organizations to initiate and complete projects by providing opportunities for UI claimants to maintain their work skills.

Eligibility

Eligible employers include businesses, municipalities, individuals and non-profit organizations. Eligible employees are unemployment insurance claimants referred by a Canada Employment Centre.

Benefits

Participants of the program receive enhanced UI benefits as employers are encouraged to top up wages. Employers may receive up to $125 per worker per week for other related costs such as materials and supplies.

Provincial Programs

In addition to federal employment programs, provincial governments offer programs and services designed to facilitate reintegration into and participation in the labour force. Some of these programs are cost shared with the federal government under the Federal-Provincial Agreement on Enhancement of Employment Opportunities for Social Assistance Recipients. The Agreement allows the utilization of funds that would otherwise have been spent on social assistance for an individual to be diverted to support the person while participating in an employability enhancement program.

Federal Employment Programs
Number of Participants
1989-90

Province	Job Development	Job Entry Challenge	Other Job Entry
Nfld.	6,512	8,007	2,558
P.E.I.	958	829	864
N.S.	6,349	4,859	3,625
N.B.	5,436	7,321	4,705
Que.	31,167	23,294	15,748
Ont.	14,113	12,973	17,933
Man.	3,618	3,559	4,601
Sask.	3,002	2,613	5,688
Alta.[1]	9,055	8,880	8,878
B.C.[2]	11,261	12,231	10,890
Total	91,381	84,566	75,490

1. The figures for Alberta include data for the Northwest Territories.
2. The figures for British Columbia include data for the Yukon.

Skill Shortages	Skill Investment	Commu-nity Futures	UI Section 25	Total
3,192	989	853	2,859	24,970
676	661	262	678	4,928
5,053	5,338	1,230	1,194	27,648
4,224	5,468	1,715	1,793	30,572
22,000	11,684	2,242	8,277	114,412
49,811	12,153	1,439	5,358	113,780
3,931	3,446	2	716	19,873
5,587	2,297	60	444	19,691
15,752	5,701	286	1,323	49,875
14,707	5,333	1,445	2,830	58,697
124,933	53,070	9,534	25,472	464,446

Federal Employment Programs

Expenditure of Funds
1989-90
($000's)

Province	Job Development	Job Entry Challenge	Other Job Entry	Skill Shortages
Nfld.	34,393	11,488	25,720	6,167
P.E.I.	4,205	1,072	3,137	2,106
N.S.	22,201	6,941	16,662	6,106
N.B.	21,045	10,406	24,147	7,946
Que.	171,879	34,711	84,151	59,727
Ont.	77,515	20,281	107,953	111,467
Man.	18,644	4,915	20,018	9,246
Sask.	13,512	3,741	19,982	11,900
Alta.[2]	36,736	13,300	35,623	26,500
B.C.[3]	62,130	20,923	55,231	25,774
Total[4]	462,435	128,018	393,494	266,939

1. Other includes Innovations, Nova Scotia Contribution, Skills Growth Fund, Calmeadow Charitable Foundation, Canadian Council for Native Business, World Association Public Employment Services, and Business Drive for Jobs.
2. The figures for Alberta include data for the Northwest Territories.
3. The figures for British Columbia include data for the Yukon.
4. Total includes Funds held at National Headquarters.

Skill Investment	Commu-nity Futures	UI Section 25	Other[1]	Total
2,666	13,148	3,191	0	96,773
954	2,098	446	0	14,018
5,241	10,398	1,344	3,484	72,377
11,806	9,998	3,136	0	88,484
23,430	32,594	11,301	7,519	425,312
14,990	31,949	2,876	4,853	371,884
5,012	4,401	1,233	0	63,469
3,486	2,403	572	0	55,596
10,839	12,418	1,976	2,107	139,499
14,581	20,656	4,206	2,281	205,782
95,611	140,063	30,281	33,887	1,550,728

War Veterans' Financial Benefit Programs

The Veterans Affairs Portfolio, which includes the Department of Veterans Affairs, the Canadian Pension Commission, the Veterans Appeal Board and the Bureau of Pensions Advocates provides three main types of benefits and services to members and former members of the Canadian Armed Forces:

- compensation for disability or death
- income support, and
- treatment and health care benefits.

Pensions are payable regardless of place of residence, whether in Canada or elsewhere.

Pensioners are also entitled to medical treatment and dental care which may include care which is not covered by provincial health insurance plans, the costs of prescriptions and the provision of prosthetic devices. Residential care in hospitals and homes administered by the Department of Veterans Affairs or a hospital in the community is available to eligible veterans.

The Department of Veterans Affairs also administers the Veterans Independence Program (VIP) which provides financial assistance to eligible veterans to assist in maintaining or improving their quality of life by assisting them to remain healthy and independent in their own homes or communities.

Veterans' and Civilians' Disability Pensions

The Canadian Pension Commission administers the various statutes that provide disability pensions and related benefits to veterans.

Pensions may be payable for death or disability resulting from service during the First and Second World Wars, the Korean Conflict, Special Duty Area Service or military service in peacetime. Compensation is also available for former Prisoners of War.

Eligibility

The Commission may award, upon application, pensions to members or former members of the Canadian Armed Forces who are suffering from a disability related to their military service. Similar pensions may be awarded to certain civilians who served in organizations closely associated with the Canadian Armed Forces during the First or Second World Wars. The applicant's age, occupation and financial circumstances have no bearing on entitlement to a pension or the amount of pension paid.

Benefits

Disability Pension Benefits

The amount of disability pension paid is based on the extent of disability, as found by medical examination, from conditions for which pension entitlement has been granted, and in accordance with a Table of Disabilities which the Commission maintains.

The extent of a pensioner's disability is expressed as a percentage, with varying assessments made on a percentage

scale. Pensions for disability are paid in accordance with Schedule A of the *Pension Act* which is divided into 20 classes ranging from 5 to 100%. In 1991, a single pensioner who is 100% disabled receives $1,477.77 a month. Monthly pensions are not paid for disabilities assessed at less than 5%, but pensioners whose assessment is between 1 and 4% receive an appropriate single payment.

Additional Pension for Dependants

Additional benefits may be paid to eligible veterans on behalf of a spouse and dependent children and, under certain circumstances, to parents, sisters or brothers of a pensioner. The maximum benefit payable on behalf of a spouse in 1991 is $369.44 per month. For a child it is $192.11 per month.

Special Allowances

In addition to the basic disability pension, the *Pension Act* provides for the payment of a clothing allowance, Attendance Allowance and Exceptional Incapacity Allowance.

Benefits for Survivors

The surviving spouse and eligible children may receive benefits following the disability pensioner's death. Upon the pensioner's death, the spouse receives, for a period of 12 months, the amount of monthly disability pension plus any additional benefits that were being paid to the pensioner at the time of death. At the end of one year, benefits automatically change to a full survivor's pension for the spouse of a deceased pensioner who had been receiving disability benefits of 48% or more at the time of death. In 1991, the maximum pension payable after one year to a surviving spouse is $1,108.33 per month. A survivor whose spouse's pension had been based on a disability of 5 to 47% automatically receives a "proportionate pension." Such a

pension equals one-half of the disability pension being paid when the pensioner died. Pensions may be paid or reinstated to widows and widowers who have remarried.

Orphan's benefits are also available. If the deceased pensioner's disability was assessed at 48% or more, eligible children receive monthly benefits effective the day following the date of the pensioner's death. When the disability pension was paid at a lesser rate, monthly orphan's benefits are not immediately payable. Instead, such children receive a lump sum bonus payment; the payment period covered by the bonus expires in approximately two years. If, at that time, it is determined that the children are eligible to continue receiving benefits, monthly pension payments commence. The maximum pension payable to an orphan in 1991 is $384.22.

Last Illness and Burial

Where the estate of a deceased pensioner is insufficient to pay the costs of the pensioner's last illness or his/her funeral, the *Pension Act* provides that the Commission may award a grant to assist in paying the costs.

Compensation for Former Prisoners of War

The *Pension Act* also provides for the payment of compensation to former members of the Canadian Forces who were incarcerated by the enemy for a period of 89 days or more during or subsequent to the First World War. The provisions of this legislation extend benefits to veterans who were evaders or escapees on the same terms as if they had been prisoners of war.

Benefits are available to survivors (spouses and dependent children) of former prisoners of war.

Indexation

Disability pensions and other benefits are adjusted each year on January 1 in accordance with changes in the Consumer Price Index over the 12-month period ending September 30 of the previous year, or the increase in the average composite wage of a representative group of federal public servants, whichever is greater.

Taxation

Pensions for disability and death are not subject to federal income tax.

Financing/Administration

The Canadian Pension Commission is an independent organization which reports to Parliament through the Minister of Veterans Affairs. It has full and unrestricted power and authority to deal with all matters arising out of adjudications under the *Pension Act* and other acts and regulations which it administers.

Payments of disability pensions and associated benefits are made out of the federal government's Consolidated Revenue Fund.

War Veterans' and Civilian War Allowances

The *War Veterans Allowances Act* and Part XI of the *Civilian War Pensions and Allowances Act* provide allowances for persons or their dependants who meet service eligibility requirements, and who, because of age or incapacity, are unable to work and have insufficient income as determined by an income test.

Eligibility

Allowances are payable to veterans of Canadian Forces, Commonwealth and Allied Forces and to specific civilians who served in close support of the Armed Forces during wartime. Allowances may also be payable to widow(er)s or orphans of eligible veterans or civilians with an additional allowance payable for each dependent child.

Benefits

War Veterans' Allowance (maximum $1,288.10 per month for a married veteran in January 1991) is payable at a level that ensures a person's monthly income meets basic needs. The income a person, including a spouse, received in the previous calendar year, together with any current monthly income from Old Age Security, Guaranteed Income Supplement, Spouse's Allowance, a Canadian Pension Commission disability pension and foreign war disability pensions, is considered in determining the amount payable. Income is reported for the previous calendar year in the same way as in applications for the Guaranteed Income Supplement or Spouse's Allowance program.

A surviving spouse may qualify for benefits (maximum $1,288.10 per month for a widow(er) with one dependent child), providing that the deceased veteran had service eligibility. An additional monthly allowance of $151.73 may be payable on behalf of the second and each subsequent dependent child if the child is:

- under 18 years of age;
- between 18 and 25 and continuing his/her education;
- under the age of 21 and unable to earn a living because of a physical or mental incapacity; or

- over the age of 21 and incapacitated before the age of 21 or after the age of 21 while continuing with his/her education.

An orphan's allowance (maximum $454.61 per month in 1991) is payable to a child whose parents are deceased, or who has one deceased parent and has been abandoned by the other, or who is a child of divorced, separated or unmarried parents whose father died while in receipt of an allowance on the child's behalf. The orphan must also meet one of the first four qualifications of a "dependent child".

Indexation

The monthly War Veterans' and Civilian War Allowances are adjusted every quarter, in accordance with increases in the Consumer Price Index for all recipients.

Taxation

Monthly allowances are non-taxable.

Financing/Administration

War Veterans' and Civilian War Allowances are both administered by the Department of Veterans Affairs with the Veterans Appeal Board being responsible for hearing appeals. Payments to recipients are made out of the federal government's Consolidated Revenue Fund by the Department of Veterans Affairs.

Veterans' and Civilians' Disability Pensions
Caseload and Expenditures
March 1990

Province	Disability Pension Cases	Surviving Dependants Pension Cases	Total Expenditures 1989-90 ($ 000's)
Nfld.	1,205	619	12,152
P.E.I.	1,320	701	13,226
N.S.	6,986	3,493	57,921
N.B.	4,893	2,187	42,810
Que.	12,541	6,165	109,423
Ont.	33,654	17,789	317,042
Man.	5,452	2,931	54,894
Sask.	4,026	1,869	36,689
Alta.[1]	7,665	3,657	62,380
B.C.[2]	16,760	7,876	152,894
Foreign Countries	3,396	2,485	38,358
Total	97,898	49,772	897,789

1. The figures for Alberta include data for the Northwest Territories.
2. The figures for British Columbia include data for the Yukon.

War Veterans' and Civilian War Allowances
Caseload and Expenditures
March 1990

Province	Cases	Expenditures 1989-90 ($ 000's)
Nfld.	3,863	15,382
P.E.I.	902	3,529
N.S.	4,708	19,264
N.B.	3,430	13,973
Que.	8,678	51,713
Ont.	17,581	78,297
Man.	2,300	9,028
Sask.	2,120	7,721
Alta.[2]	3,254	13,704
B.C.[3]	7,586	31,012
Total[1]	56,747	264,280[4]

1. Total includes Foreign Service Accounts.
2. The figure for Alberta includes data for the Northwest Territories.
3. The figure for British Columbia includes data for the Yukon.
4. Total may not add up due to rounding.

Health Insurance

Canada's health care system is a publicly funded and administered universal insurance system providing full coverage to all residents for medically necessary hospital and physician services. Access is not limited by ability to pay. Costs of services are prepaid by provincial plans.

Eligibility

Provincial residents are eligible for coverage under health insurance plans, provided they have resided in the province for three consecutive months. Landed immigrants are covered as of the date of entry in most provinces.

Benefits

Insured health services for which all provincial residents have coverage are: medically necessary hospital care which includes meals and accommodation at the standard ward rate, necessary drugs, supplies and diagnostic tests, and many out-patient services; medically necessary physician care rendered in patients' homes, physicians' offices or hospitals; and surgical-dental services where a hospital is required for their proper conduct. Provinces may also offer additional health care services at their own discretion and on their own terms and conditions (e.g., drug coverage, dental care, ambulance services and prosthetic and supportive devices). (Please see following Table for additional information on provincial drug benefit programs.)

Taxation

Premiums for health insurance paid by an employer on behalf of an employee are considered taxable benefits.

Financing/Administration

Under the Canadian Constitution, provincial governments have a primary responsibility in matters relating to the delivery of health care services. Each province administers its own health insurance plan, but receives funds from the federal government toward the financing of services and toward the financing of certain extended health care services. The formula for federal funding allows the provinces flexibility in the delivery of health care services on condition that plans meet criteria described in federal legislation – the *Canada Health Act*. These criteria relate to such matters as the comprehensiveness of services covered, universality of population covered, reasonable accessibility to insured services, portability of benefits and public administration on a non-profit basis.

Federal cost sharing is also provided for "extended" services such as adult residential care and the health aspects of nursing home care, home care and ambulatory services.

Federal health cost-sharing legislation gives each province considerable leeway in determining a number of important matters, including the administrative arrangements for the operation of its plan(s) and decisions as to raising the provincial share of costs.

Provincial Drug Benefit Programs[1,2]

January 1991

Unless otherwise specified, all items listed below are provided free of charge to certain client groups or at a reduced cost as noted.

Nfld.	*Senior Citizens Drug Subsidy Program* – Drugs for persons with cystic fibrosis and senior citizens receiving GIS. Seniors receiving GIS must pay dispensing fee.
P.E.I.	*Drug Cost Assistance Plan* – Certain kinds of drugs to specified client groups (i.e., seniors 65+, diabetics, transplant recipients, etc.). (Seniors must pay pharmacists' dispensing fee + $4 – current total $10.35.)
N.S.	*M.S.I. Pharmacare* – Drugs for seniors 65+ with $3 per prescription charge to a maximum of $150 per calendar year; specified drug benefits to residents with cancer, diabetes insipidus, cystic fibrosis or a growth hormone deficiency. Cancer patients may be required to share the cost.
N.B.	*Prescription Drug Program (Health Services)* – Drugs for social assistance recipients with $1 for children and $2 for adults per prescription charge. *Prescription Drug Program* – seniors 65+ – $6.45 per prescription (OAS/GIS recipients pay up to $120 per year maximum; OAS only recipients have no ceiling on co-payment). Cystic fibrosis cases, transplant recipients, recipients of the Human Growth Hormone and AIDS patients – no cost.

1. Basic health benefits including all medically required hospital and physician services are provided in all jurisdictions.
2. All provinces and territories have social assistance drug programs where there are no universal programs.

Provincial Drug Benefit Programs

January 1991 (cont'd)

Que.	*Programme de médicaments et de services pharmaceutiques* — Drugs for seniors 65+ and those 60-64 receiving a regular spouse's allowance or a widowed spouse's allowance (OAS program).
Ont.	*Ontario Drug Benefits* – Drugs for seniors 65+ in receipt of OAS, or seniors 65+ with 12 months' residence. Drugs and therapies through designated hospital programs for all eligible persons with cystic fibrosis and thalassemia.
Man.	*Pharmacare* – User pays 20 % of cost of drugs over the deductible. (Currently $92.75 for seniors 65+ per family and $163.65 per family for <65.)
Sask.	*Saskatchewan Prescription Drug Plan* – User pays 20 % of cost of drugs over the annual family deductible (single senior 65+= $50; senior families (one member 65+) = $75; other families regardless of size = $125). Special-care home residents pay a maximum of $3.95 and social assistance recipients pay a maximum of $2.00 per prescription. *Saskatchewan Aids to Independent Living (SAIL)* – free coverage or cost assistance is provided for non-formulary drugs for treatment of paraplegia, cystic fibrosis, haemophilia and chronic renal disease.

Provincial Drug Benefit Programs
January 1991 (cont'd)

Alta.	*Alberta Blue Cross – Non-group plan* – Seniors 65+ (including spouse and dependants), widow(er)s age 55-64 receiving the Alberta Widow's Pension, and their dependants, and cystic fibrosis outpatients pay no monthly *Blue Cross* premium or deductible but pay 20% of cost of drugs. All others pay monthly *Blue Cross* premiums plus a $50 annual deductible and 20% of cost of prescribed drugs in excess of deductible.
B.C.	*Pharmacare* – $325 deductible + 20% charge for all residents, except seniors 65+ who pay no deductible but must pay 75 percent of the dispensing fee to a maximum of $125 per year.
Yukon	*Pharmacare* – Drugs to seniors 65+ and spouses 60+. *Chronic Disease and Disability Program* – Supplementary coverage for prescription drugs to persons with specified chronic diseases or a serious functional disability.
N.W.T.	*Pharmacare* – Drugs for seniors 60+ (non-native and Metis) with no access to an employer drug plan and non-native and Métis persons diagnosed as having certain disease conditions with no access to an employer drug plan, as well as residents eligible under *Extended Health Care Benefits*.

Number of Active Physicians
(Excluding Interns and Residents)
1989-90

Province	Number of Physicians
Nfld.	973
P.E.I.	180
N.S.	1,752
N.B.	966
Que.	13,767
Ont.	19,598
Man.	1,928
Sask.	1,520
Alta.	4,151
B.C.	6,396
Y.T.	38
N.W.T.	45
Canada	51,314

Federal Payments to the Provinces for Insured Health Services[1,2]

1989-90
($ millions)

Province	Payments
Nfld.	307
P.E.I.	70
N.S.	477
N.B.	387
Que.	3,599
Ont.	5,150
Man.	583
Sask.	542
Alta.	1,307
B.C.	1,644
Y.T.	14
N.W.T.	29
Canada	14,109

1. Includes all entitlements for fiscal transfers (tax points and cash) to provinces in respect of insured health care services (hospital and medical care) and in respect of extended health care services pursuant to the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act* and the *Canada Health Act*.

2. Data are preliminary.